

New Jersey Public Broadcasting Authority

Meeting of the Audit Committee

February 2, 2015 at 3:30 p.m.

Department of the Treasury
8th Floor Conference Room and by Conference Call
50 West State Street
Trenton, New Jersey 08608

MINUTES

Anthony Della Pelle, Chair, Presiding

Minutes of the meeting of the New Jersey Public Broadcasting Authority (“NJPBA” or “Authority”) Audit Committee (the “Committee”) held at Department of the Treasury 8th Floor Conference Room, 50 West State Street, Trenton, New Jersey 08608, and by Conference Call on Monday, February 2, 2015, at 3:32 p.m.

1. CALL TO ORDER, OPEN PUBLIC MEETINGS ACT STATEMENT AND ROLL CALL

Chair of the NJPBA Audit Committee, Mr. Anthony Della Pelle, called the meeting to order. Chair Della Pelle read the Open Public Meetings Act statement as follows: “In accordance with the provisions of the Open Public Meetings Act of the State of New Jersey, notice of this meeting has been filed with the Office of the Secretary of State, has been posted on the appropriate bulletin boards maintained for such purposes by the Authority, and distributed by press release to two daily newspapers in New Jersey. Notice was made in advance of this meeting.”

Chair Della Pelle then requested a roll call. NJPBA Audit Committee Members present and participating at the meeting were Anthony Della Pelle, Chair (*via phone*); and Christopher Mathews (*via phone*). Also present and participating were John Blair, NJPBA Executive Director (*via phone*); Jill Ann Murphy, Director, Mercadien, P.C. (*via phone*); Kavin K. Mistry, Assistant Attorney General (*via phone*); William Hanna, Deputy Attorney General (*via phone*); Michael Collins, Governor’s Authorities Unit (*via phone*); and Nichol Gee, Office Manager, NJPBA (*taking minutes*).

After the roll call, Mr. Blair stated that he was present only to facilitate the start of the meeting, and that in accordance with Executive Order No. 122 (McGreevey 2004), he was exiting the meeting. Mr. Blair said that Ms. Gee would stay to take the minutes. Mr. Blair left the room at 3:34 p.m.

2. RESOLUTION APPROVING THE MINUTES OF THE AUGUST 27, 2014 AUDIT COMMITTEE MEETING

Chair Della Pelle asked for a motion to approve a Resolution Approving the Minutes of the August 27, 2014 Audit Committee Meeting. Mr. Mathews made a motion to approve the resolution. Chair Della Pelle seconded the motion. Chair Della Pelle asked if there were any changes to the minutes. No changes were indicated. Chair Della Pelle asked for a voice vote to approve the Resolution Approving the Minutes of the August 27, 2014 Audit Committee Meeting. The motion was voted upon and approved unanimously.

3. DISCUSSION OF THE NEW JERSEY PUBLIC BROADCASTING AUTHORITY FISCAL YEAR 2014 AUDIT REPORT

Chair Della Pelle asked Ms. Murphy to present an overview of the NJPBA Fiscal Year 2014 ("FY14") Audit Report. Ms. Murphy reviewed the NJPBA Financial Statements and Report. She stated that it was a clean opinion, indicating no issues were found.

Ms. Murphy reviewed the Statement of Net Position. Chair Della Pelle asked what the unrestricted net position represented. Ms. Murphy stated that guidelines indicate that there cannot be a negative capital investment in capital assets, so a negative asset is shown in the unrestricted piece in order to make the capital assets whole. Chair Della Pelle clarified that it was therefore an accounting mechanism to balance the accounts and did not represent a specific item. Ms. Murphy confirmed that was correct.

Ms. Murphy reviewed the Statement of Support, Revenues and Expenses, and Changes in Net Position. There was a restatement of the previous year's net position due to funds that were transferred back to the State at the end of the year but were needed and should have remained as assets. This resulted from the changes in recordkeeping that are required under the new reporting model. She directed the Members to Note "K" on page 14 of the report for further clarification.

Ms. Murphy reviewed the Post Audit Presentation, stating that it was an unmodified, clean opinion. She said management followed generally accepted accounting principles ("GAAP") and selected preferable accounting practices in all areas. There were no changes in policies or practices other than the restatement of funds, as discussed. She reviewed the summary of significant accounting estimates, all of which were considered appropriate by the auditors. There were no significant or unusual transactions, difficulties, material weaknesses, or control deficiencies. There was one adjustment to the trial balance, and there were no uncorrected misstatements.

Ms. Murphy stated that Mercadien, P.C. ("Mercadien") submitted a management letter regarding two areas which were also noted in the Fiscal Year 2013 audit. The two entities that purchased the radio stations in 2011 were reimbursing the Authority for ongoing expenses incurred by the Authority, but payments were not consistent and not invoiced. Ms. Murphy stated that Mr. Blair indicated final agreements with both entities were under

negotiation. Ms. Murphy advised that the Authority review the tower rental contracts for expiration and renewal dates and escalation clauses to ensure proper billing and payments.

Chair Della Pelle thanked Ms. Murphy and asked if there was any further discussion on the audit. Ms. Murphy asked Assistant Attorney General Mistry if there were any issues or developments since the date of his prior legal response. Assistant Attorney General Mistry stated there were no changes.

Chair Della Pelle stated that Mr. Blair would follow up with Ms. Murphy to obtain the finalized audit for the NJPBA Board meeting to be held on February 3, 2015. Ms. Murphy exited the meeting at 3:47 p.m.

4. RESOLUTION OF THE AUDIT COMMITTEE OF THE NEW JERSEY PUBLIC BROADCASTING AUTHORITY RECOMMENDING ACCEPTANCE OF THE FISCAL YEAR 2014 AUDIT REPORT

RESOLUTION OF THE AUDIT COMMITTEE OF THE NEW JERSEY PUBLIC BROADCASTING AUTHORITY RECOMMENDING ACCEPTANCE OF THE FISCAL YEAR 2014 AUDIT REPORT

WHEREAS, the New Jersey Public Broadcasting Authority (the “Authority”) was created pursuant to the New Jersey Public Broadcasting Authority Act of 1968, L. 1968, c. 405, as amended (the “Original Act”), including by the New Jersey Public Broadcasting System Transfer Act, L. 2010, c. 104 (the “Transfer Act,” and together with the Original Act, the “Act”);

WHEREAS, the Audit Committee established pursuant to Article IX, Section 1 of the By-Laws and in accordance with the requirements of Executive Order No. 122 (McGreevey 2004) (“EO 122”) has reviewed the Independent Auditor Report from the firm of Mercadien, P.C., the Independent Auditor to the Authority, for Fiscal Year 2014 (“Fiscal Year 2014 Audit Report”); and

WHEREAS, the Audit Committee recommends acceptance of the Fiscal Year 2014 Audit Report by the Members of the Authority.

NOW, THEREFORE, BE IT RESOLVED BY THE AUDIT COMMITTEE OF THE NEW JERSEY PUBLIC BROADCASTING AUTHORITY AS FOLLOWS:

1. The Audit Committee hereby recommends that the Members of the Authority accept the Fiscal Year 2014 Audit Report from the firm of Mercadien, P.C., the Independent Auditor to the Authority.

2. This resolution shall take effect immediately in accordance with the Act.

Chair Della Pelle asked for a motion to approve a Resolution of the Audit Committee of the New Jersey Public Broadcasting Authority Recommending Acceptance of the Fiscal Year 2014 Audit Report. Mr. Mathews made a motion to approve the resolution. Chair Della Pelle seconded the motion. Chair Della Pelle asked for a roll call vote to approve the Resolution of the Audit Committee of the New Jersey Public Broadcasting Authority Recommending Acceptance of the Fiscal Year 2014 Audit Report. The motion was voted upon and approved unanimously.

5. OTHER BUSINESS

Chair Della Pelle asked if there was any other business the Committee needed to discuss. The Members demurred.

6. ADJOURNMENT

Chair Della Pelle thanked everyone for their participation and asked for a motion to adjourn. Mr. Mathews made a motion to adjourn the meeting. Chair Della Pelle seconded the motion. The motion was voted upon and approved unanimously. The meeting was adjourned at 3:48 p.m.